GENERAL FOODS CORPORATION
NATIONAL SALES POLICY

GOVERNS	GF USA
	Effective: 7/1/88
Sec. I	10.A.

TITLE: DEFECTIVE PRODUCTS AND RECALLS

SUBJECTS COVERED:

- Recall Policy
- Recall Class/Type of Hazard
- Decision to Withdraw or Recall
- Recall Effectiveness Reporting
- Field Sales Identified Hazard
- Product Liability
- Sales Function Action Group
  - Crisis Committee
  - Vice President - Sales
  - Sales Recall Coordinator
  - Central Sales Administration Crisis Communication Center
  - Retail Coordinator
  - Field Sales
- Appendix
  - Product Contingency Action Plan
  - Recall Plan
  - Sales Function Action Group
  - Gelco Rapidraft Instructions
  - Product Recall Effectiveness Log

POSITIONING STATEMENT:

It is the policy of General Foods USA to withdraw or recall products from customers or consumers when product quality criteria fail to meet critical specifications or present a danger to health. The purpose of this policy and procedure is to clearly outline the roles and responsibilities related to the recall of defective products and the subsequent pick-up from our customers by General Foods USA Field Sales Personnel.

POLICY:

General Foods USA must respond to product safety problems when they occur with a sense of urgency to protect our consumers and franchises. All Divisions will conduct a continuous review of pertinent defect information dealing with product quality faults and respond by appropriate prudent action to the severity of the problem. The Crisis Committee is established to have a group of experts that can be convened expeditiously to prevent or manage highly volatile product situations requiring immediate remedial action.

POLICY (continued)

The Crisis Committee under the leadership of the Senior Vice President of Quality Science and Technology will serve as a resource to the appropriate General Manager and ultimately to the Chief Executive Officer General Foods USA who will make the final decision on all crisis issues.

The Field Sales Action Group as well as other technical and sales resources will give full support to the Crisis Committee. The health hazard evaluation must be a technical and medical safety-oriented procedure. The Crisis Committee will coordinate all activities, recommendations and presentation to the Company President and the Chief Executive Officer for a final decision on actions to be taken.

Serious health or safety threats will be treated as emergencies and products will be embargoed from sale or recalled from appropriate levels of distribution or from consumers, if appropriate.

Recall Class/ Hazard Type

A product withdrawal, for purposes of definition in this policy, is a product removal involving no violations or only minor violations that would not normally be subject to legal action. A product recall involves a product defect which has safety or health implications and may be further classified* as follows:

Recall Class	Hazard
I	A situation in which there is a reasonable probability that the use of, or exposure to, a violative product will cause serious adverse health consequences or death.
II	A situation in which the use of, or exposure to, a violative product may cause temporary or medically reversible adverse health consequences or where the probability of serious adverse health consequences is remote.
III	A situation in which the use of, or exposure to, a violative product is not likely to cause adverse health consequences.

* Classification corresponds to FDA Recall Procedures, 2/18/76.

POLICY (continued)

Decision to Withdraw or Recall

When the decision is made to withdraw or recall a product, the procedures to locate and remove products will be put into action as soon as possible. When in doubt, the intent is to act conservatively and responsibly in order to protect consumers and the long-term objectives of General Foods USA. Risk-taking for cost avoidance purposes on a short-term basis must be subordinated to consumer safety and to the potential long term impact on the franchise. Each defect circumstance will be considered unique and require its own recall strategy. It is the responsibility of the Crisis Committee to determine those steps required in each case.

General Foods is required to notify the FDA if and when we initiate a recall. All recall notices will be reviewed with the FDA prior to issuance by the Law Department.

Recall Effectiveness Reporting

In the event of a recall, General Foods will be required to take certain actions to ensure that the recall was effective and to file reports with the Food and Drug Administration showing actions were actually taken. In order to file these reports, it is essential that accurate records be maintained with respect to each action.

Sales has the primary responsibility to notify our customers of any product recalls. Copies of the recall notice, conspicuously marked **URGENT**, should be sent to all direct customers by telefax, telegram, mailgram or first class mail (in envelopes prominently marked **URGENT**). Follow-up contacts and contacts with retail customers should then be made by either telephone or personal visit. Whatever the means of communication, it is important that we conduct the recall in a way that is designed to cause the customer to remember the contact. In addition when GF representatives visit stores to pick up product, they should announce themselves to the store manager and leave a copy of the recall notice, whether or not they actually find the recalled product in the store.

Each person involved with the recall must maintain a log of customer contacts and actions taken. This is required for review by the Food and Drug Administration. A copy of all logs will be forwarded to the Retail Coordinator for review and reporting to management on the actions taken during the recall.

There is a presumption on the part of the FDA that customers will return products to the manufacturer in response to the recall notice. Therefore, the FDA requires the manufacturer to conduct recall effectiveness checks in accordance with a procedure, suggested by the FDA, to ensure that retail stores, in fact, receive copies of the recall notice. The log of our activities is required to comply with the FDA requirements.

POLICY (continued)

Recall Effectiveness Reporting (continued)

The FDA may require General Foods to conduct recall effectiveness checks at a larger percentage of retail stores than is represented by our sales trip lists. This is because wholesale customers often ship our products to retailers which are not normally visited by GF sales representatives. While these wholesale customers are expected to send copies of the recall notice to their customers, FDA requires manufacturers to conduct effectiveness checks to make sure that this happens. When this situation arises, visits and calls to trip list customers should be supplemented by telephone calls to other retailers until we have contacted at least the minimum percentage of retail stores required by the FDA.

After we have completed the recall, the FDA will send out inspectors to ask retailers if they were informed of the recall.

PROCEDURE:

FIELD SALES IDENTIFIED HAZARD

In the event a potential health hazard situation is identified by the Field Sales Organization the following actions are to be taken:

- The individual in the Field Sales Organization who identifies the potential hazard is to record all information related to the hazard and immediately contact their District Manager. The following information must be provided:

  Source of information (customer, consumer, media, etc.), brand, size, flavor, code date,type of problem and location.

- The District Manager will immediately contact their Regional Manager, with full details of the potential hazard.

- The Regional Manager will immediately contact their National Sales Director who will advise the Vice President of Sales or his alternate (see Sales Function Action Group in appendix 3).

- The Vice President of Sales or the alternate will convene the Crisis Committee.

- In the event that the next higher level indicated above is not able to be reached the individual is to contact the Sales Recall Coordinator or alternate in White Plains (See appendix 3).

PROCEDURE: (continued)

PRODUCT LIABILITY

General Foods product liability insurance provides that all General Foods customers are automatically carried as additional insured parties with respect to any product liability claim involving a product manufactured or distributed by General Foods. A defense will be provided, and indemnification, if necessary. It is not necessary for customers to obtain a certificate of insurance in order to obtain coverage under General Foods product policies.

SALES FUNCTION ACTION GROUP

The Crisis Committee through the Vice President of Sales or the alternate will notify the Sales Recall Coordinator of specific actions to be taken.

The Sales Recall Coordinator will activate the Central Sales Administration (CSA) Crisis Communication Center.

The CSA Crisis Communication Center will:

1. Act as the official Sales Communication Center for all product issues or recalls:

   - Receive all instructions from the Crisis Committee through the Sales Recall Coordinator.

   - Maintain a complete listing of all Sales Forces to include location, mailing address, telephone and FAX numbers.

2. Disseminate all official communications from the Crisis Committee:

   - Notify all involved Field Sales Organizations.

   - Notify all direct customers through the Field Sales Organization.

   - Refer all questions or issues from customers or Field Sales to the Crisis Committee through the Sales Recall Coordinator.

PROCEDURE: (continued)

SALES FUNCTION ACTION GROUPS (continued)

3. Communicate and coordinate all product recalls:

   - Prepare and review all documents and communications to be transmitted to Field Sales and customers for clarity, accuracy and completeness.

   - Prepare customer recall letter for the Vice President of Sales signature.

   - Insure that all appropriate locations receive complete documentation on recall by the fastest most appropriate method (FAX, Overnight Mail, TWX, computer).

4. Establish payment procedure and accounting controls for the pick-up of product:

   - Special deal numbers will be established for each recall.

   - Payments may be made through the Gelco Pay-by-Draft system or cash (see appendix 4) from existing trust fund and documented on expense reports.

5. Direct D-SSD activities to support recall:

   - Contact D-SSD Management (General Manager or Operations Manager) early in the process. D-SSD field personnel are likely to receive inquiries from the media and should be fully informed on the situation and their proper response.

   - Conduct code date audits at all Field locations to determine the presence of the affected product; freeze existing inventories and impending customer shipments.

   - Determine the customer locations which were likely recipients of the affected product (records are maintained by month and year, not by lot or specific code date).

   - Should any affected product be intransit to customer warehouses, notify the carrier(s) to return the product to a location designated by D-SSD.

   - Arrange for storage and quarantine of returned product.

PROCEDURE: (continued)

SALES FUNCTION ACTION GROUPS (continued)

6. Record all communications and actions:

   - Document all incoming and outgoing communications and actions taken.

   - Develop a summary report of all communications and actions taken for the Crisis Committee.

7. Solicit support of other companies resources, if needed, to effect product pick-up.

8. Provide additional support to the Crisis Committee as required or requested.

The Retail Coordinator will be the liaison between the Crisis Committee and the field sales organization. The Retail Coordinator will be responsible for directing the activities of the field sales organization during the recall and reporting their activities and effectiveness to management, in compliance with FDA requirements.

Field Sales will be responsible for notifying all direct customers of a product recall. Additionally, field sales will be required to:

Pick up product off retail shelves.

Pick up product from consignment warehouses.

Communicate product return instructions to customers and authorize return to central location.

Record all activities in a Product Recall Effectiveness Log (See appendix 5).

Forward a copy of all logs to the Retail Coordinator when the recall is completed.

APPENDIX

1. Product Contingency Action Plan
2. Recall Plan
3. Sales Function Action Group
4. Gelco Rapidraft Instructions
5. Product Recall Effectiveness Log